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Federal Communications Commission
Office of the Secretary

Testimony of
James F. Goodmon
On Media Concentration

March 31, 2003

Welcome to North Carolina and the Research Triangle Area. I am Jim Goodmon, President and Chief Executive Officer of Capitol Broadcasting Company, Inc., which owns and operates five television stations and one radio station here in North Carolina. I am the third generation president of Capitol Broadcasting, and I am proud that my son, Jimmy, represents the fourth generation.... (grandson Michael would be working with me if it did not violate the child labor laws . . . he is 5 ...)

Broadcast technology has changed and there are many NATIONAL cable and satellite channels>>> but one thing is unchanged >>> granting broadcast licenses in the public interest and allocating them by local community with the goal of ***localism*** remains the ***law*** of the land. *No technology, marketplace changes, statutes, agency regulations or court cases have supplanted, repealed, or vacated localism.* ***Localism*** is as ***necessary to the public interest*** today as it was in 1937 when we received our first broadcast license. Through ***localism***, we reflect the standards of our individual communities – Raleigh-Durham, Charlotte and Wilmington.

<u>Today localism and, in turn, community standards are under direct fire from those advocating nationalism and corporate objectives.</u> I am here today to respectfully urge the Commission to retain the national television ownership cap and revise the rules as to how

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stations are counted toward the cap. Based on the fact that more owners provide more diverse voices and real local competition, I also urge the Commission to retain the radio/TV cross-ownership and newspaper/broadcast cross-ownership rules and to study the impact of duopolies and radio consolidation on local communities.

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Maintaining *(or even reducing)* the national 35% ownership cap is ***essential*** to localism. If the cap is increased, one thing is certain – we will see the giant conglomerates and their investment bankers lead a flurry of buying and selling. Billions will change hands...Remember that deregulation reduced the number of radio station owners by almost one-third. Will television experience the same? What about our local communities? What about localism? I don't have a crystal ball; but let's look at what we already know.

- **First, there is NO adequate substitute for local broadcast television.**

  Broadcast television is a different medium – we are different from cable and satellite ...

  #1 Broadcasting (unlike cable and satellite) is free and thus available to the nation's poorest and the nation's richest whether on a 13-inch black and white or a 56-inch HD set.

  #2 Broadcasting is the primary source for local emergency news and weather information.

  #3 Broadcasting is uniquely local with licenses granted by local community.

#4 Broadcasters are actually trustees of the public airwaves – we are required by law to serve our local community and to operate our stations in the public interest.

The deregulation advocates argue that because there are hundreds of national cable channels and hundreds of national satellite channels and thousands of national internet sites that the <u>broadcast</u> ownership rules are antiquated… they say that the marketplace has changed. But has it? Not really…

The national cable and satellite networks are not a substitute for local broadcasting….

Local channels remain the dominant medium in the marketplace, because there is ***no*** adequate substitute for local television. The public votes with the ratings, and localism is still winning in the polls. And although there are new media outlets since my grandfather's day, the voices in the market are actually the ***same*** voices with the broadcast networks owning three of the four most popular cable news channels and many of the top Internet sites.

- **<u>Second, current media consolidation is ALREADY undermining localism and the evaluation of community standards.</u>**

Localism and the reflection of community standards are *indispensable* components of the public interest, which remains the foundation of broadcasting law. As the networks and other large groups have been allowed to own more and more local stations, the local voice has become a long distance call and community standards have been replaced with corporate economic efficiencies Of particular concern is the ownership of local stations by the networks. Network owned television stations carry the programs they are ordered to carry by the network...there is no local decision-making involved. ***If the fox owns the henhouse, what prevents the fox from ravaging the hens?***

I would like to quickly tell you about our local FOX affiliate...WRAZ. At WRAZ, we decided that we would draw the line on reality programming when the show demeaned marriage and/or family. We therefore did not broadcast, "Who Wants to Marry a Millionaire?" and Married By America...we did not broadcast those programs because it was our editorial opinion that these shows did not reflect the standards of our ***local*** community. I am not saying here that we made the right decision . . . just that we made a decision. Most network programming is aired without preview by local stations. The right to reject or preempt network programming is a right we take seriously.

If the fox owns the hen, can the hen really reject the fox?

Other specific attacks on localism resulting from media consolidation include central casting, plug and play local news and group programming – all decisions made at the corporate level, often hundreds of miles from the local market, and reflecting corporate policy, not public policy.

- **Third, media consolidation is also affecting the ability of local station owners and small groups to compete.**

The network and large group owners' negotiating leverage for syndicated programming and satellite and cable multichannel retransmission severely impacts the small owner. Twice recently we have been unable to bid for popular syndicated programming because a group had purchased it for all of its markets. We ask the Commission to assess whether a vertically integrated syndicated programming provider should be required to offer its programming on a market-by-market bid basis. We also ask the Commission to look at the tying arrangements related to multichannel negotiations with cable owners by the networks.

Finally, we ask the Commission to eliminate the UHF 50% discount and to count duopolies. There is no longer a valid reason for the discount. Today's 35% caps is really a 70% cap…and remember that, more than 95% of all digital licenses are UHF. We urge the Commission to change this rule immediately.

As I stated in my opening remarks, no technology, marketplace changes, statutes, agency regulations or court cases have supplanted, repealed, or vacated localism. Congress ***and*** the Courts each continue to recognize the importance of localism. No one is suggesting that we change the method of granting and allocating licenses in the public interest and by local community. And when the DC Circuit remanded the national ownership rule to the Commission, it stated, "[I] n sum, we cannot say it is unlikely the Commission will be able to justify a future decision to retain the rule."

Commissioners, the future is here. Act in the name of localism. Preserve the ability of local broadcast companies, like Capitol, to still be serving our communities when my five-year old grandson assumes my title.

Thank you for allowing me to testify today.